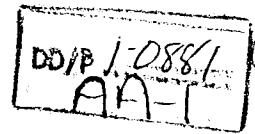


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23 February 1971

MEMORANDUM FOR: Director of Current Intelligence
Attention: Mr. William Parmenter

SUBJECT: LIBYA

1. It is my impression that we may be approaching a critical point in Libya; I underline "may" because of the tenuous judgements involved on the following:

- a. that Qaddafi is gradually taking personal control of the government and is supported by the entourage described in the attached cable;
- b. that Sadat and the Egyptians are probably very unhappy with Qaddafi and may be considering an effort to unseat him;
- c. that Jallud is the Egyptian candidate to replace Qaddafi;
- d. that [REDACTED] is very hard-line on the Libyan regime and gives some support and encouragement to those who would oust it;
- e. that Qaddafi is increasingly open and active in his opposition to communist influence in the Arab world;
- f. that the USSR is unhappy with Qaddafi;
- g. that the Libyans are engaged in preparations to run the Libyan oil industry, at a reduced level, with service contracts and direct marketing in Europe and elsewhere;
- h. that Qaddafi and his supporters are prepared to make one last effort to preserve a basically U.S./Western European orientation of Libyan society and its oil-based economy; and

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1. that the oil companies are prepared to stand their ground at all costs against Libyan demands that are far out of line with the Gulf-OPEC agreement.

2. One of the most immediate problems facing us is: "Who is making the decisions in Libya?" I have not seen any reporting from the Embassy that suggests that Jallud has been downgraded and that the relatively unknown Sulieman Qaradha (formerly Qaddafi's private secretary) and Al Huni are the dominant influences on foreign policy -- including the critical decisions that lie ahead on Libya's role in the oil world.

Does OCI have a clear view of this situation?

3. It is possible that the four OPEC producers in the Mediterranean will reach agreement on guidelines which will then be the basis for the individual country negotiations with the individual companies; this is apparently what the Libyans have in mind. The positions of the Libyans and the oil companies appear to be too widely separated to be easily bridged by the complicated process of negotiations now prospect.

If pressures develop in this process, it is clear that the wings are fairly crowded with parties that are anxious to rush on stage and play a role in exploiting the shaky situation which may develop. The British, some of the Europeans (Germany and Italy for example), the Egyptians, the Israelis, the Libyan exiles and, finally, the Soviets have objectives and interests in Libya which, in the present context, are not congruent with those of the U.S. Any of these might, in a rapidly changing situation in Libya, be tempted to improve its position at the expense of the U.S.

4. I have no recommendations to make at this time; the sole purpose of this memorandum is to elicit thought, stimulate collection of information and to seek your assistance in continuing the analysis of this problem in the days and weeks immediately ahead.

15/
James H. Critchfield
Special Assistant to
the DDP

Attachment